

Message Text

LIMITED OFFICIAL USE

PAGE 01 CALCUT 01105 271614Z POSS DUPE
ACTION NEA-11

INFO OCT-01 EUR-12 ISO-00 EB-08 /032 W
-----054527 290249Z /23

R 271010Z JUN 78
FM AMCONSUL CALCUTTA
TO USDOC WASHDC
SECSTATE WASHDC 6724
INFO AMEMBASSY NEW DELHI
AMEMBASSY LONDON

LIMITED OFFICIAL USE CALCUTTA 1105

E.O. 17.52: NA
TAGS: BENC IN
SUBJECT: MAJOR PROJECT: GAS TURBINES FOR WEST BENGAL

REF: STATE 159577

1. BRITISH DEPUT HIGH COMMISSIONER CALCUTTA FRANK MAYNARD TOLD US YESTERDAY THAT BRITISH AID TO INDIA CONSISTS OF A COMMITMENT OF GRANT (NOT LOAN) POUNDS STERLING TO THE GOI, WHICH THE GOI MAY APPLY, LARGELY AS IT LIKES, TO PURCHASE FROM THE U.K. THERE ARE CERTAIN SECTORAL SPECIFICATIONS; IN LAST YEARS PROGRAM (APRIL 77MARCH 78) IT WAS REQUIRED THAT 20 MILLION POUNDS BE SPENT IN THE AREA OF ELECTRICAL POWER SUPPLIES. THIS YEAR MAYNARD EXPECTED THAT THE FIGURE FOR POWER EQUIPMENT WOULD BE LARGER. ASIDE FFROM THIS YEAR'S PROGRAM WE UNDERSTAND THAT SUBSTANTIAL UNEXPECTED BRITISH CREDITS TO INDIA REMAIN IN THE PIPELINE. THUS, IT WOULD APPREAT THAT THE GOI WILL HAVE THE OPTION OF CHARGING BRITISH TURBINES TO THE U.K. GRANT AND PROGRAM.

2. HOWEVER, THE GOVERNMENT OF WEST BENGAL (GOWB) WILLTAY FOR THE TURBINES IN RUPEES (COUNTERPART
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CALCUT 01105 271614Z POSS DUPE

FUNDS) TO THE GOI NO MATTER HOW THE GOI PROCURES THE MACHINES, AND IN PRINCIPLE, THEREFORE, IT IS A MATTER OF INDIFFERENCE TO THE GOWB WHETHER THE EQUIPMENT COMES INTO INDIA ON GRANT OR COMMERCIAL TERMS. WESTE BENGAL, WE UNDERSAND, WILL MAKE THE SELECQON AMONG THE BIDDERS ON TECHNICAL, INSTALLATION SCHEDULE, AND COST-TO-WEST BENGAL GROUNDS, AND

ONLY THEN WILL A CONSULTATION WITH THE GOI TAKE PLACE
ON THAT SELECTION.

3. IN THE CASE OF WEST BENGAL CHOOSING (WITH GOI
AGREEMENT) NON-BRITISH COMMERCIAL PURCHASE EQUIPMENT,
MAYNARD DID NOT KNOW WHETHER THE GOI WOULD PAY CASH
OR MAKE ARRANGEMENTS FOR EXTENDED FINANCING, BUT HE
SAID THE GOI DID NOT PERMIT INDIAN STATES TO TAKE ON
EXTENDED EXTERNAL FINANCIAL OBLIGATIONS. THIS
CONTRADICTS MURSHED'S STATEMENT TO BIGGS THAT THE GOWB
WOULD SEEK CREDIT TERMS FROM THE SUPPLIER. WE BELIEVE
MAYNARD'S VERSION IS THE CORRECT ONE.

4. MAYNARD IMPLIED THAT IT WAS BY NO MEANS A SURE
THING THAT BRITISH APPARATUS WOULD BE CHOSEN. HE
EXPECTED THAT THERE WOULD BE TWO U.K. BIDDERS; GEC,
WHOSE OFFER HE THOUGH WOULD INCORPORATE AN ENGLISH
ELECTRIC JET ENGINE, AND BROWN-BOVARIE, OR JOHN
BROWN, WHOSE BID, HE THOUGHT, COULD WELL INCLUDE
A ROLLS ROYCE ENGINE. NOTE THAT THIS DIVERGES
FROM KEITH BIGG'S EXPECTATIONS AT THE E S OF MAY.

5. AS INDICATED IN CALCUTTA 932, THIS HAS THE POTENTIAL
TO BECOME A STRUGGLE BETWEEN THE GOWB AND THE GOI.
SHOULD THE GOWB PREFER NON-BRITISH EQUIPMENT ON
TECHNICAL, DELIVERY AND COST GROUNDS, THE WEST BENGAL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CALCUT 01105 271614Z POSS DUPE

AUTHORITIES HAVE INDICATED THEY BELIEVE THE GOI WILL
DEFER TO THEIR WISHES, AND RELEASE THE FOREIGN
EXCHANGE FOR THE PURCHASE OF THE GOODS SELECTED BY
WEST BENGAL. INDIA HAS LARGE CURRENT FOREIGN
EXCHANGE HOLDINGS. THE GOWB AUTHORITIES HERE ALSO
BELIEVE THEY HAVE SOME POLITICAL CLOUT TO BACK UP
THEIR POSITION.

6. WE UNDERSTAND FROM MITSUBISHI'S CALCUTTA OFFICE,
WHICH ACTS AS STPSD'S AGENT HERE, THAT THEY HAVE
ADVISED UTPSD THAT BIDDING ON WEST BENGAL TURBINES
IS A WORTHWHILE PROPOSITION. GIVEN OUR INCOMPLETE
KNOWLEDGE AND THE SEVERAL IMPONDERABLE FACTORS, WE
ALSO BELIEVE THAT THE LIKELIHOOD THAT THE PURCHASE
WILL BE MADE ON BRITISH AID IS NOTMSO LARGE AS TO
MAKE A TECHNICALLY STRONG U.S. BID A WASTE OF TIME
AND EFFORT.
LYDON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 27 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CALCUT01105
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780268-0597
Format: TEL
From: CALCUTTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780617/aaaaaoqi.tel
Line Count: 112
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1a2b667f-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 159577
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2198885
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECT: GAS TURBINES FOR WEST BENGAL
TAGS: BENC, IN
To: COM STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1a2b667f-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014